



MICHAEL J. MURPHY
State Treasurer

State of Washington
Office of the Treasurer

This report, prepared in accordance with RCW 43.08.150, details the operations of the Office of the State Treasurer during February 2003. In this month's report we feature the state's debt management program, which includes the state's bond debt, certificate of participation and school bond guarantee programs.

The State Finance Committee, composed of the governor, lieutenant governor and state treasurer, the latter being designated by law as chairman, entered the financial market five times during calendar year 2002, with a total issuance of \$1.84 billion in general obligation and motor vehicle fuel tax general obligation bonds. As of Dec. 31, 2002, outstanding Washington state bond indebtedness totaled \$8.397 billion. In addition to debt owed, there remains \$2.6 billion that is authorized, but not issued.

As of Dec. 31, 2002, the state of Washington's general obligation debt was rated Aa1 by Moody's Investor Service, AA by Fitch Ratings and AA+ by Standard & Poor's Rating Group (S & P). Fitch lowered the state's rating to AA from AA+ in January 2002. In July 2002, S & P placed a negative outlook on Washington's general obligation bonds.

2002 marked the second full year the School Bond Guarantee Program offered credit enhancement to voter-approved school bonds. Over 37 percent of the state's 296 school districts have participated, with more than \$2.1 billion in bonds guaranteed. This program, along with the LOCAL lease/purchase program, enables local governments to easily access national financial markets in partnership with the Office of the State Treasurer.

Sincerely,

MICHAEL J. MURPHY
STATE TREASURER